

No. 9/6/DPM

Jakarta, March 26, 2007

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS

Subject : Amendment to Bank Indonesia Circular Letter Number 8/4/DPM dated February 7, 2006 concerning Bank Indonesia Certificate Trading Transactions under Repurchase Agreement (Repo) with Bank Indonesia in Secondary Markets

With reference to Bank Indonesia Regulation Number 4/9/PBI/2002 dated November 18, 2002 concerning Open Market Operations (State Gazette of the Republic of Indonesia Number 126 of 2002, Supplement to the State Gazette of the Republic of Indonesia Number 4243) as latest amended by Bank Indonesia Regulation Number 7/30/PBI/2005 dated September 13, 2005 (State Gazette of the Republic of Indonesia Number 84 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4533), Bank Indonesia Regulation Number 4/10/PBI/2002 dated November 18, 2002 concerning Bank Indonesia Certificate (State Gazette of the Republic of Indonesia Number 127 of 2002, Supplement to the State Gazette of the Republic of Indonesia Number 4244) as amended by Bank Indonesia Regulation Number 6/5/PBI/2004 dated February 16, 2004 (State Gazette of the Republic of Indonesia Number 18 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4366), and Bank Indonesia Regulation Number 6/2/PBI/2004 concerning Bank Indonesia - Scripless Securities Settlement System (State Gazette of the Republic of Indonesia Number 15 of 2004, Supplement to the State Gazette of the Republic

of Indonesia Number 4363), and for adjustment of implementation of various monetary instruments by Bank Indonesia, relating to transaction methods, it is deemed necessary to amend several points of provisions in Bank Indonesia Circular Letter Number 8/4/DPM dated February 7, 2006 concerning Bank Indonesia Certificate Trading Transactions under Repurchase Agreement (Repo) with Bank Indonesia in Secondary Markets as follows.

1. Provision in point II.4 is amended as follows.
 4. Repo SBI Rate shall be determined at the level of BI-Rate on the date of transaction plus 300 (three hundred) basis points.
2. Provision in point II.5 is amended as follows.
 5. Repo SBI transactions shall apply simple interest method based on calendar day.
3. Provision in point III.2 is amended as follows.
 2. Bank Indonesia – Directorate of Monetary Management (DPM), c.q. Monetary Operation Bureau (BOPM), shall announce Repo SBI rate through the BI-SSSS and/or PIPU prior to the opening of Repo SBI window time (T+0).
4. Provision in point III.4 is amended as follows.
 4. During the Repo SBI window time Bank shall conduct transactions directly through the BI-SSSS by including, among others, transaction nominal value, SBI series under repo, and repo maturity.
 5. Between point III.4 and point III.5 is inserted 1 (one) point, namely point III.4.A, as follows.
 - 4.A. Based on submission of Repo SBIs as referred to in number 4, the BI-SSSS shall automatically compute SBI price as follows.
 - a. Selling price of Repo SBIs (first leg) shall be computed with formula :

$$\text{SBI selling price (first leg)} = \frac{\text{Nominal Value} \times 360 \text{ days}}{360 + \{(W/A) \times (\text{remaining SBI maturity})\}}$$

in which :

- 1) W/A is the weighted average discount rate on the issuance of SBIs under repo;
- 2) Remaining SBI maturity shall be counted since the date of repo transaction submission up to SBI maturity date.

b. Repurchase price of mature Repo SBIs (second leg) shall be computed by simple interest formula :

$$\text{Repurchasing price (second leg)} = \text{SBI selling price (first leg)} \times \left[1 + \frac{(\text{Repo Rate} \times \text{Repo Tenor})}{360} \right]$$

Examples of Repo SBI transactions are enclosed in Appendix constituting a unity and inseparable part from this Circular Letter.

Provisions in this Bank Indonesia Circular Letter shall come into force as of March 26, 2007.

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF
DIRECTOR OF MONETARY MANAGEMENT